

## AR40

To the Shareholders of Waterous G M Diesel Limited:

This is your Board's report on the progress of your Company in the first half of 1967:

After recent changes your Board is now composed as follows:  
George J. Bryan, Q. C., Reg. C. Easton, L. de la Giroday, V. Hardy,  
K. S. Langfeldt and Ian Robertson.

We welcome Messieurs Reg. C. Easton and K. S. Langfeldt, both prominent businessmen and citizens of Edmonton whose experience and advice will, we are sure, greatly contribute to the welfare of our Company.

The officers of your Company are:

Chairman of the Board: L. de la Giroday  
President and General Manager: Ian Robertson  
Secretary: George J. Bryan, Q. C.

As mentioned in the Annual Report our unprofitable construction equipment franchises were terminated and at June 30th, 1967 the used equipment inventory had been reduced by some 40% on a satisfactory basis relative to the inventory valuation, but some adjustment in prices may have to be made before all the equipment is sold. The contingent liability on financed equipment contracts has also been reduced by some 40% since December 31st, 1966, but repossessions of equipment have had to be made which have resulted in losses which more than offset the profits made on equipment sales. It is anticipated that more losses on repossessions will occur before the contingent liability is liquidated.

Our remaining operating line, the G. M. Diesel Engine House is proving to be satisfactory and the future looks promising.

Despite the losses sustained by the phasing out of the equipment division, the unaudited financial statement for the six months to June 30th, 1967 shows a profit of \$16,000.00, or 8¢ per share. However, your Board considers it will be some time before any dividend can be contemplated.

Edmonton, Alberta  
August 18th, 1967

I. Robertson  
President & General Manager

### BRANCHES



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CALGARY, ALBERTA  
243-7781

10029 - 97TH AVENUE  
GRANDE PRAIRIE, ALBERTA  
532-2396







WATEROUS GM DIESEL LIMITED AND SUBSIDIARIES

INTERIM STATEMENTS SUBJECT TO AUDIT AND YEAR-END ADJUSTMENTS

CONSOLIDATED STATEMENT OF EARNINGS

	<u>Six months ended June 30th.</u>	
	<u>1967</u>	<u>1966</u>
Income from sales and service	\$ 548,797	\$ 986,026
Income from investments	12,765	Nil
	<u>\$ 561,562</u>	<u>\$ 986,026</u>
Cost of sales & service	\$ 505,000	\$ 1,070,697
Interest on debentures	24,375	32,500
Provision for depreciation	16,056	12,345
	<u>\$ 545,431</u>	<u>\$ 1,115,542</u>
 Profit (Loss)	 <u>\$ 16,131</u>	 <u>\$ (129,516)</u>
 Profit (Loss) per Share	 <u>.08¢</u>	 <u>(.66¢)</u>

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION  
OF FUNDS

	<u>Six months ended June 30th.</u>	
	<u>1967</u>	<u>1966</u>
Working capital at beginning of period.	\$ 2,279,511	\$ 2,701,373
Source of Funds:		
Net earnings for the period	\$ 16,131	-
Provision for depreciation	16,056	12,345
Proceeds from sale of fixed assets	47,287	7,420
Decrease in agreement for sale	4,796	5,809
Capital surplus (tax free dividends)	420	-
Debenture discount & other assets written off (and charged to expense)	-	37,944
	<u>\$ 84,690</u>	<u>\$ 63,518</u>
Application of funds:		
Expenditure on fixed assets	\$ 30,174	\$ 42,922
Redemption of debentures	-	50,000
Net loss for period	-	129,516
	<u>\$ 30,174</u>	<u>\$ 222,438</u>
Net increase (decrease) in working capital.	<u>\$ 54,516</u>	<u>\$ (158,920)</u>
Working capital at end of period	<u>\$ 2,334,027</u>	<u>\$ 2,542,453</u>



